

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the institution's record of meeting the credit needs of its entire community, including low and moderate-income neighborhoods, consistent with safe and sound operations of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Bloomington Bank and Trust, Bloomington, Illinois** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **August 19, 1996**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION-S RATING: This institution is rated Satisfactory.

The bank's loan-to-deposit ratio and lending to small businesses were areas of demonstrated strength for the bank. The level of lending within the assessment area is at a satisfactory level and the geographic distribution of lending reflects a reasonable dispersion of loans throughout the assessment area, including low- and moderate income areas. Interviews conducted with bank personnel and community contacts, and a review of the examination loan sample revealed no evidence of discriminatory lending practices or policies intended to discourage applicants.

The following table indicates the performance level of **Bloomington Bank and Trust, Bloomington, Illinois** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	BLOOMINGTON BANK AND TRUST PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the previous examination		

DESCRIPTION OF INSTITUTION

Bloomington Bank and Trust, with total assets \$109.7 million as of March 31, 1996, is an affiliate of BB&T Bancshares Corporation. The bank was formed in August 1991, and offers a full range of credit and deposit services, including an automated teller machine (ATM) from its sole facility in Bloomington. Credit products offered by the bank include commercial/industrial, real estate and home equity, installment and single-payment loans. Analysis of the bank's loan portfolio reveals that the bank is a strong commercial/industrial lender. Commercial/industrial loans comprise over 47% of the total loan portfolio and commercial real estate loans comprised 20.12% of the portfolio.

The bank's local competitors include West Suburban Bank of Carol Stream/Stratford Square and branch offices of Citibank Federal Savings Bank, NBD Bank, First National Bank of Chicago, Itasca Bank & Trust and Harris Bank Elk Grove Village.

DESCRIPTION OF BANK'S ASSESSMENT AREA

Bloomington is located in DuPage County, Illinois, approximately 25 miles northwest of downtown Chicago. The assessment area includes the following communities: Glendale Heights, Roselle, Carol Stream, Schaumburg, Hanover Park, Elk Grove Village, Wood Dale, Itasca, Bensenville, Addison, Rosemont, Schiller Park, Franklin Park, Melrose Park and Northlake. The bank's assessment area also includes a portion of Cook County and encompasses 60 whole census tracts. The bank expanded its assessment area since the previous examination in anticipation of new CRA requirements. The majority of the census tracts in the assessment area are middle- or upper-income; 31 tracts are middle-income, 25 are upper-income; three are moderate-income (the lowest income tract in the assessment area is at 65.5% of the MSA median); one tract is low-income but has zero population and no owner-occupied housing units. The median family income in the Chicago MSA is \$42,758.

According to 1990 U.S. census data, 362,434 people reside in the assessment area, with the following racial/ethnic distribution: 309,743 (85.5%) White; 26,848 (7.4%) Hispanic; 20,082 (5.5%) Asian; 5,180 (1.4%) Black; 459 (0.10%) Native American. Overall, minorities comprise approximately 14.5% of the assessment area's population. There are no minority census tracts within the assessment area.

Employment opportunities within the assessment area, particularly in DuPage County are primarily in the private service field, which employs 393,948 individuals or 74% of the workforce. Census data also revealed an unemployment rate of 3.7% for the assessment area, which compares favorably with the Chicago MSA (6.7%) and the State of Illinois (6.6%). The assessment area also has a strong commercial/industrial and retail economic base in Bloomington, the location of Stratford Square Shopping Mall. Among the area's large employers are Comark Inc., a computer assembly operation, employing 420; Berlin Industries, Inc., a commercial printing company, employing 300; Eaton Corporation, a manufacturer of appliance and heating controls, employing 450; and Jefferson Smurfit Corporation, a manufacturer of folding boxes, employing 360.

Housing within the bank's assessment area is predominantly single-family; 75.9% (98,716) of the housing stock is comprised of 1-4 family units and 22.1% (28,717) is comprised of multi-family units. Approximately 73.5% of the housing stock (95,555) consists of owner-occupied units, with a 1990 median value of \$119,239. By comparison, the median housing value for the Chicago MSA is \$108,960 and \$80,114 for the State of Illinois.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act.

Loan-to-Deposit Ratio

Analysis of the bank's Uniform Bank Performance Report (UBPR) for the six quarters since the previous examination revealed an average loan-to-deposit ratio of 73.55%. The following chart illustrates the bank's quarterly loan-to-deposit ratio since the previous examination.

Dec.-94	Mar.-95	Jun.-95	Sept.-95	Dec.-95	Mar.-96
78.51%	72.38%	74.47%	72.70%	72.35%	70.89%

A review of the bank's March 31, 1996 Consolidated Report of Condition revealed total assets of \$109,689,000, outstanding loans of \$68,467,000, and deposits of \$95,618,000, resulting in a loan-to-deposit ratio of 71.60% and a loan-to-asset ratio of 62.42%. Review of the distribution, by loan type, revealed that the bank's strengths were commercial/industrial lending and commercial real estate lending. The breakdown of the bank's loan portfolio, according to the March 31, 1996 call report, was as follows: commercial/industrial loans \$32,210,000 (47.04%); commercial real estate loans \$14,350,000 (20.96%); closed-end, one-to-four family residential real estate loans \$7,191,000 (10.50%); home equity loans \$7,117,000 (10.39%); consumer loans \$7,043,000 (10.29%).

According to the June 30, 1996 UBPR, the bank's performance compared to peer is as follows:

LOAN TYPE	BANK AVERAGE LOAN MIX (%)	PEER AVERAGE LOAN MIX (%)
REAL ESTATE LOANS		
Construction/Development	0.35	3.84
1 - 4 Family Residential	21.32	22.39
Home Equity	10.26	1.07
Other Real Estate	20.17	22.19
Farmland	0.00	0.16
Multi-family	0.05	1.23
Commercial	20.12	18.61
TOTAL REAL ESTATE LOANS	41.84	58.94
LOANS TO INDIVIDUALS	10.33	9.36
CREDIT CARD LOANS	0.00	0.30

LOAN TYPE	BANK AVERAGE LOAN MIX (%)	PEER AVERAGE LOAN MIX (%)
COMMERCIAL & INDUSTRIAL LOANS	47.47	18.46
AGRICULTURAL LOANS	0.00	0.02
MUNICIPAL LOANS	0.36	0.04
OTHER LOANS*	0.00	0.21
*Excludes Financial Institution Loans, Acceptances of Other Banks, Foreign Office Loans and Leases, and Lease Financing Receivables		

As the preceding chart illustrates, the bank's level of home equity and commercial-industrial lending significantly exceeded peer. The bank's average loan-to-deposit ratio compared favorably to the peer group's loan-to-deposit ratio of 65.55% (ratio as of June 30, 1996). Review of the bank's loan portfolio and assessment area economic conditions indicate that the bank's loan-to-deposit ratio exceeds the standards for satisfactory performance.

Lending in Assessment Area

Review of the examination loan sample revealed the following level of lending within the assessment area:

LOAN TYPE	TOTAL # OF LOANS SAMPLED	WITHIN THE LOCAL DELINEATED COMMUNITY	PERCENT OF TOTAL
Single-Payment	3	2	67
Installment	10	5	50
Home Equity	10	2	20
Real Estate	11	8	73
Commercial	37	19	51
TOTALS	71	36	51

As the preceding chart indicates, approximately 51% (36 of 71) of the sampled loans were made within the assessment area.

The bank's geographic loan distribution analysis, conducted in January, 1996, revealed that approximately 53% (365 of 693 loans) of outstanding loans were within the bank's

assessment area. The bank's January, 1996 loan analysis showed some improvement in the percentage of loans made within the assessment area from the April, 1995 loan analysis.

Review of 1994 and 1995 HMDA data, and 1996 LAR data revealed an improving trend relative to the geographic distribution of credit, due to the bank's revision/expansion of the assessment area. In 1994, four of the bank's twenty-one HMDA-related loans (19.05%) were within the assessment area; in 1995, seven of 17 total loans (41.12%) were within the assessment area. Preliminary review of the 1996 LAR indicated that six of the 12 loans (50%) in 1996, were within the assessment area.

The examination review of loans and the bank's analysis indicate that the bank has made the majority of its loans within the assessment area, which supports a satisfactory rating for this criterion.

Lending to Borrowers of Different Incomes and to Business of Different Sizes

The examination loan sample and HMDA data was reviewed to assess the bank's performance in making loans to borrowers of different incomes and businesses of different sizes. The following chart illustrates the distribution of the examination loan sample by borrower income level:

LOAN TYPE	LOW-INCOME Number	MODERATE-INCOME Number	MIDDLE-INCOME Number	UPPER-INCOME Number
Single-Payment	0	0	1	2
Installment	0	0	1	9
Home Equity	0	1	1	8
Mortgage*	0	0	1	8
Totals	0	1	4	27

*income information for two mortgage applications was not recorded by bank

Of the 32 loans in the examination loan sample (with income information), one loan was made to a moderate-income borrower; four were to middle-income borrowers; and 27 (84.38%) were to upper-income borrowers.

Review of HMDA data, with respect to borrower income, provides limited information, as the bank has not been a strong real estate lender and did not generate a large number of real estate applications. The number of applications and originations within the assessment area increased from four in 1994 to seven in 1995; preliminary review of the 1996 Loan Application Register (LAR) indicated that 12 loans were made as of July 1, 1996. The bank approved two applications received from low or moderate-income applicants in 1994 and one in 1995. Although no applications from low- or moderate-income applicants were listed on the 1996 year-to-date LAR, the bank continues to work with organizations such as the DuPage Home Ownership Center to attract low- and moderate-income and minority applicants, as evidenced by

the bank's participation in 1994, 1995 and 1996 fairs sponsored by the center.

Commercial lending

The bank's June call reports for 1994, 1995, and 1996 revealed the following number of loans to small businesses:

	June, 1994	June, 1995	June, 1996
Loans secured by nonfarm/ nonresidential properties	38	34	55
Commercial/industrial loans	356	194	380

June call report information revealed that of the total commercial/industrial loans, approximately 60% in 1995 and 65% in 1996 were for original amounts of less than \$100,000. Approximately 21% as of June 1995, and 18% as of June 1996 of the commercial real estate loans were for original amounts of less than \$100,000. A random sample of commercial loans made over a six-month period revealed that 32 of 37 (86.49%) of the loans were to businesses with gross annual revenues of less than one million dollars.

While the bank's HMDA reports and the examination loan sample showed limited penetration of low- and moderate-income borrowers, the bank's commercial lending is more reflective of its overall efforts in meeting small business credit needs within the assessment area. Analysis of the examination loan sample, 1994 and 1995 HMDA data and 1996 LAR data, and lending to small businesses suggest the bank has a reasonable level of penetration in lending to borrowers and businesses of different income levels and sizes.

Geographic Distribution of Loans

Review of the examination loan sample indicated that applications were received from approximately 17 different census tracts within the assessment area; no applications were received from the three moderate-income census tracts within the assessment area. Review of the geographic distribution of the expanded sample of commercial loans revealed that 11 loans were made in high-income census tracts; 18 loans in medium-income census tracts; seven loans in moderate-income tracts; and one loan in a low- income census tract, which is not within the assessment area.

The bank's January, 1996 loan distribution analysis also reviewed the dispersion of credit within the assessment area. The analysis revealed that loans were made in 49 of the 60 census tracts in the assessment area; three of the census tracts with no lending activity were

tracts where the bank had no deposit accounts. Loan activity was noted in the three moderate-income census tracts in the assessment area:

Loans in Moderate-Income Census Tracts			
Census Tract	\$ Deposits	# of Loans	\$ Amount of Loans
7705	706,279	6	1,667,429
8113.02	767,800	9	427,905
8117.01	484,738	5	843,752

As the preceding chart illustrates, the bank made 20 loans (totaling \$2,939,086) in moderate-income census tracts, accounting for 6.58% of the total dollar amount and 2.89% of the total number of loans. Review of the geographic distribution of the examination loan sample, the bank's geographic loan distribution analysis, and the HMDA information indicate a reasonable distribution of credit throughout the assessment area.

Responses to Complaints

No CRA-related complaints have been received by the institution since the previous examination.